



REMUNERATION TRIBUNAL

Statement on the Principal Executive Office (PEO) Classification Structure: Determination 2004/15

1. The Remuneration Tribunal has determined a classification structure and provided advice in relation to the terms and conditions (including remuneration) of Principal Executive Offices (PEOs) as required under sub-sections 5(2A), 7(3D) and 7(4) of the *Remuneration Tribunal Act 1973*. This Statement provides advice on the outcome of the 2004 review.

Application

2. The determination has effect on and from 1 July 2004 and amends the Principal Determination, 1999/15.

Review

3. Under the terms of Determination 1999/15 the Tribunal each year determines:
 - the extent to which the remuneration of a PEO can be increased or decreased without reference to the Tribunal; and
 - the maximum Total Remuneration for each PEO band in proportion to certain factors including appropriate wage and remuneration indicators.

Clause D1 – Variation in remuneration

The Tribunal has determined that in the 2004-2005 financial year, the remuneration of a PEO who is entitled to receive less than \$300,000 per year, can be varied by his or her employing body by up to 5% of Total Remuneration without prior reference to the Tribunal, where the employing body can demonstrate that productivity or work value changes have occurred. The variation of up to 5% of Total Remuneration can occur provided that the increase or decrease does not move the office holder outside the band in which he or she has been placed.

PEO bands and reference salaries

The Tribunal adjusts the maximum Total Remuneration of the PEO bands on and from 1 July each year to ensure that the PEO bands keep pace with current market remuneration trends (clause D3 of Determination 1999/15). Total Remuneration is inclusive of salary, allowances, compulsory employer superannuation contributions and other benefits including non-cash benefits provided mainly or solely for private use. The Tribunal also reviews the minimum of each band and updates them to maintain relevance to actual rates.

The Tribunal also adjusts the reference salaries contained within the PEO bands (sub-section 7(3D) of the *Remuneration Tribunal Act 1973*).

In undertaking the review and deciding on an appropriate adjustment, the Tribunal has taken into account factors including (but not limited to):

- key economic indicators;
- specific indicators such as the Wage Cost Index (WCI);
- salary outcomes in the public and (to a lesser degree) private sector; and
- the principles of wage determination and decisions of the Australian Industrial Relations Commission.

After taking into account the relevant indicators the Tribunal has determined that the PEO band maximum amounts and reference salaries should be increased by 3.9% from 1 July 2004. The actual increase may be slightly higher due to the effects of rounding (band maximum amounts are rounded up to the nearest \$100 and the reference salaries to the nearest \$10).

It should be noted that the 3.9% increase is intended to ensure that the PEO bands keep pace with current market remuneration trends and is not one of general application to all PEOs. In accordance with the provisions of Determination 1999/15, remuneration increases for individual office holders are to be assessed by the relevant employing body based on demonstrated productivity or work value changes.

More Information

4. Determination 2004/15 will be tabled in Parliament, as required by sub-section 7(7) of the *Remuneration Tribunal Act 1973*. It will also be made available on the Tribunal's web-site at www.remtribunal.gov.au